



MSEARCH

IPO OFFERING

BURGER KING INDIA LTD



About Company

Recommendation: Subscribe for Investment

Burger King India Ltd is one of the fastest growing international Quick Service Restaurants (QSR) chains in India. The company is the national master franchisee of the Burger King brand in India, with exclusive rights to develop, establish, operate and franchise Burger King branded restaurants in India. As on 30th Sept 2020, Burger has 261 restaurants, including 8 Sub-Franchised Burger King Restaurants, across 17 states and union territories and 57 cities across India. Burger King India also aims to have 370 stores by the end of December 2022 (700 stores by December 2026). On Global front The BURGER KING® brand is the 2nd largest fast food burger brand globally as measured by the total number of restaurants, with a global network of over 18,675 restaurants in more than 100 countries and U.S. territories. The IPO fund raising through the IPO will largely be utilised for expanding its store base in India and reducing debt on its books.

Price Band	: Rs. 59-60 Per share
Bid Lot size	: 250 Shares
Issue size	: Rs. 804 Cr – 810 Cr
Issue Opens	: Wednesday, 2nd Dec'2020
Issue Closes	: Friday, 4th Dec'2020
Min App Amount	: Rs. 15000/- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View:

We believe Burger King India IPO offer gives investors an opportunity to play on India's fastest growing Quick Service Restaurants (QSR) chains business. We see that Burger king has competitive advantages which make it well placed to capitalize on emerging opportunity which is targeting growing section of millennials given young population of India. On valuations parse at upper price band (Rs 60/-), the issue is asking for market cap Rs 2290 Cr. Due to Covid restrictions, most of the QSR companies are expected to post dismal performance hence valuations are quarantined as of now. **While considering it sustainable franchisee business model and healthy store expansion plans would help burger king in improving growth prospects in the coming years. As investors a lower valuations when compared to other listed peers within fastest growing QSR sector gives investors a chance to invest for long term perspective. Hence recommend "Subscribe for Investment".**

Profit and Loss Statement

Financials

Particulars	FY18	FY19	FY20	6M'FY20	6M'FY21
Income					
Revenue from operations	3,781	6,327	8,412	4,223	1,352
Other income	106	114	56	30	164
Total Income	3,887	6,441	8,468	4,254	1,517
Expenses					
Cost of materials consumed	1,439	2,301	3,015	1,510	492
Employee benefits expense	704	969	1,365	703	517
Finance cost	369	464	655	278	424
Depreciation and amortisation expense	640	822	1,164	497	621
Other expenses	1,557	2,268	2,992	1,440	630
Total Expenses	4,710	6,824	9,191	4,428	2,685
Loss before tax and exceptional items	(822)	(383)	(722)	(174)	(1,168)
Exceptional items	-	-	43	-	21
Tax expenses	-	-	-	-	-
Loss for the year/ period	(822)	(383)	(766)	(174)	(1,189)

Balance Sheet

Particulars	FY18	FY19	FY20	6M'FY20	6M'FY21
Property, plant and equipment	2,402	3,475	4,742	3,957	4,591
Right-of-use Assets	3,433	4,292	5,379	4,769	5,217
Capital work-in-progress	103	202	476	363	411
Intangible assets	88	158	245	190	255
Financial assets	162	214	292	267	297
Other non-current assets	25	48	44	200	36
Total non-current Assets	6,213	8,389	11,178	9,745	10,807
Inventories	52	69	94	86	81
Cash and cash equivalents	72	159	41	123	92
Other financial assets	910	474	470	196	594
Other current assets	57	114	194	103	198
Total current assets	1,091	815	799	508	964
Total assets	7,304	9,205	11,977	10,252	11,771
Equity and Liabilities					
Equity share capital	2,650	2,650	2,777	2,666	2,909
Other equity	221	(154)	(23)	(292)	(721)
Total equity	2,871	2,496	2,754	2,374	2,189
Non-current liabilities					
Borrowings	-	-	1,788	385	1,760
Lease Liabilities	3,523	4,508	5,665	4,999	5,617
Other non-current liabilities	41	60	195	71	204
Total non-current liabilities	3,563	4,568	7,649	5,455	7,581
Current liabilities					
Borrowings	-	1,000	197	1,000	198
Trade Payables	434	609	816	768	1,261
Lease liabilities	177	232	312	288	266
Other financial liabilities	157	222	154	254	197
Other current liabilities	100	77	95	113	79
Total current liabilities	869	2,140	1,574	2,423	2,002
Total Equity and Liabilities	7,304	9,205	11,977	10,252	11,771